

Claims 1, 3, 5,11-13 and 17-19 were objected to for a number of informalities. Claims 1, 3, 5,11-13 and 17-18 have been amended to address these informalities. Claim 19 was not amended, as originally filed claim 19 did not contain any of the objected to language. Responsive to the Examiner's concerns, the objected to phrase "business activity" has been replaced with "activity" and "in furtherance of" has been replaced with "in carrying out", which language is believed to be sufficiently definite. Claim 1 has also been amended to replace the construction "at least one of" with the equivalent term "and/or". This is equivalent to replacing a recitation of "at least one of A, B and C" with the equivalent "A, B and/or C". Moreover, claim 12 has been amended to add a collecting step thereto, to provide antecedent basis for the recitation "collected actual job, manufacturing and purchasing costs" later in the claim. No new matter has been added. Reconsideration and withdrawal of the objection to claims 1, 3, 5,11-13 and 17-19 is, therefore, respectfully requested.

Claims 1-27 were rejected under 35 USC §103(a) as being unpatentable over Morgan et al. Reconsideration and withdrawal of these rejections are respectfully requested.

In the Action of March 28, 2001 in the parent application, the Office stated:

**"Neither Morgan nor Castelaz explicitly disclose implementing a selected accounting method for actual cost collection and a selected accounting costing method for actual cost presentation based upon the stored cost source identifiers, the selected accounting costing method for actual cost collection being independent of the selected accounting costing method for cost presentation."**

In the Final Action of October 19, 2001, the Office asserts that the Morgan reference teaches the claimed steps, but does not point to any specific teaching in the applied reference to support such asserted teaching. The basis for the outstanding §103 rejection is based almost entirely on inherency: "Morgan *inherently* provides for ... inherently collecting actual costs ...

there is also **inherently** the storing each unique logical structure ... all recitations are **inherently** found in Morgan et al., since Morgan et al. discloses data, logic, and a computer system" (page 3 of Action of 10/19/01).

The Action continues, on page 4: "Morgan et al. does not specifically disclose ..., the phrase "cost source identifier" ... Morgan et al. does not specifically disclose independence of the accounting costing method for actual cost collection from the accounting costing method for cost presentation. It is the Examiner's position that a cost source identifier is **inherently** present". (page 4 of the Action of 10/19/01). Lastly, in the paragraph bridging pages 4 and 5 of the Action of October 19, 2001, the Office states "Direct downloading does not preclude the **inherent** presence of a cost source identifier, or various inputs each **inherently** providing a new cost identifier" (emphasis added).

The only express teachings of Morgan et al. pointed to in the Office Action of 10/19/01 are that "it would have been obvious ... to use cost source identifiers since Morgan discloses a relational database ... to use independent costing methods since Morgan et al. discloses "user-definable ad-hoc reports" (emphasis added).

**A. The claimed invention is not obvious in view of Morgan et al.**

The Morgan et al. reference does not teach or suggest:

"collecting actual costs of performing a job, manufacturing an item and/or purchasing an item in carrying out the activity,  
creating a unique cost source identifier for each collected actual cost and storing the collected actual cost therein;  
associating each unique cost source identifier to the activity."

as claimed in Claim 1 herein.

Instead, Morgan et al. explicitly teach that site costs are first divided into responsibility center dollars. Column 5, lines 36-37 and Fig. 4. A site, according to Morgan et al., need not be a physical

location, but may be a business unit for which the general ledger accounts have assigned resources. Morgan et al. disclose an example of site costs as being a legal department having offices in several facilities or different cities. Site costs, therefore, are aggregate costs and not costs associated with performing a job, manufacturing an item and/or purchasing an item in carrying out the activity, as claimed in claim 1. After assignment to responsibility centers, the costs are distributed to management organizations, as disclosed in Column 5, lines 35-36 and again Fig. 4. After distributing the site costs to responsibility centers and thereafter to management organizations, the site costs are again subdivided to obtain the cost 96 for each activity 92, as disclosed in Column 5, lines 48-51. However, the costs 92 are themselves still an aggregate cost of four components 98; namely, people, facilities, equipment and overhead. Users 110 and system operators 112 may input this information into the database 12.

Morgan et al., therefore, takes site costs, assigns them to responsibility centers, distributes them to management organizations, divides them to get activity costs and again subdivides them to obtain people, facilities, equipment and overhead costs, as explicitly disclosed in Column 5 and Figs. 3-7.

Therefore, the Morgan et al. reference does not collect actual costs, create a unique cost source identifier for each collected cost and associate each created cost source identifier to the activity, as claimed in claim 1. Moreover, Morgan et al. do not teach or suggest, as shown above, that a "new unique cost source identifier is created upon each occurrence of a transaction that affects the actual cost of performing the activity", as claimed in claim 3. In addition, it is also clear that Morgan et al. do not teach or suggest the subject matters of claims 4 and 5; namely, to create a new unique cost source identifier "at least each time an item is manufactured or purchased and each time an

item is received into inventory" and "at least each time a job is performed in furtherance of the business activity, contemporaneously with a performance of the job.". Morgan et al. simply does not disclose or suggest creating a new unique data structure (such as a cost source identifier) upon each occurrence of a transaction that affects the actual cost of performing an activity as claimed in claim 3 or upon the specific occurrences recited in claims 4 and 5. Failing a teaching or a suggestion of such steps and/or the present invention as a whole, the obviousness rejection applied to the claims must be reconsidered and withdrawn.

**B. The Office's reliance upon inherency is believed to be in error and does not conform with the USPTO's own standards concerning inherency.**

"The express, implicit, and inherent disclosures of a prior art reference may be relied upon in the rejection of claims under 35 U.S.C. 102 or 103. "The inherent teaching of a prior art reference, a question of fact, arises both in the context of anticipation and obviousness." In re Napier, 55 F.3d 610, 613, 34 USPQ2d 1782, 1784 (Fed. Cir. 1995)(affirmed a 35 U.S.C. 103 rejection based in part on inherent disclosure in one of the references). See also In re Grasselli, 713 F.2d 731, 739, 218 USPQ 769, 775 (Fed. Cir. 1983)."

Section 2112 of the MPEP (from which the passage above was taken) defines the authority of USPTO Examiners to formulate rejections based on inherency. A number of the MPEP §2112 standards for inherency will now be addressed in turn.

***"Something Which Is Old Does Not Become Patentable Upon The Discovery Of A New Property:*** The claiming of a new use, new function or unknown property which is inherently present in the prior art does not necessarily make the claim patentable. In re Best, 562 F.2d 1252, 1254, 195 USPQ 430, 433 (CCPA 1977)."

In the present case, however, no "New Property" is claimed. What is claimed, on the other hand, is a novel actual costing method, which is implemented by computer, as are virtually all modern accounting methods. Moreover, the pending claims do not recite a "new use, new function or unknown property" that is inherently present in the prior art. Indeed, a costing

method that may be implemented by a computer is not inherent in the prior art merely because the prior art discloses the use of a computer for an activity-based management system (or the use of a relational database, for that matter). To hold otherwise would eviscerate §103 as it relates to any and all computer-implemented inventions.

***"Examiner Must Provide Rationale Or Evidence Tending To Show Inherency:***

The fact that a certain result or characteristic may occur or be present in the prior art is not sufficient to establish the inherency of that result or characteristic. *In re Rijckaert*, 9 F.3d 1531, 1534, 28 USPQ2d 1955, 1957 (Fed. Cir. 1993)(reversed rejection because inherency was based on what would result due to optimization of conditions, not what was necessarily present in the prior art); *In re Oelrich*, 666 F.2d 578, 581-82, 212 USPQ 323, 326 (CCPA 1981).

To establish inherency, the extrinsic evidence 'must make clear that the missing descriptive matter is necessarily present in the thing described in the reference, and that it would be so recognized by persons of ordinary skill. Inherency, however, may not be established by probabilities or possibilities. The mere fact that a certain thing may result from a given set of circumstances is not sufficient.' " *In re Robertson*, 169 F.3d 743, 745, 49 USPQ2d 1949, 1950-51 (Fed. Cir. 1999)(citations omitted) (Emphasis Added)."

It is submitted that the Office has presented no evidence tending to show that persons of skill in this art would necessarily recognize the inherency of the claimed steps. The MPEP continues:

"In relying upon the theory of inherency, the examiner must provide a basis in fact and/or technical reasoning to reasonably support the determination that the allegedly inherent characteristic necessarily flows from the teachings of the applied prior art." *Ex parte Levy*, 17 USPQ2d 1461, 1464 (Bd. Pat. App. & Inter. 1990)".

The Office, in this case, has failed to provide such a basis in fact and/or reasonable technical reasoning to support its contention that the allegedly inherent present steps necessarily flow from the teachings of the applied prior art. The Office has only pointed to the presence of a relational database and ad-hoc reports in Morgan et al. as support for the inherency and §103 rejections. The mere presence of a relational database and ad-hoc reports, without more cannot render the claimed invention obvious over the Morgan et al. patent or unpatentable on the

grounds of inherency. The Office has not provided any other technical reasoning to the applicant.

This deficiency alone is believed to render the Office's inherency argument fatally defective, by the USPTO's own standards. Therefore, no sound basis for obviousness of the claimed invention over the Morgan et al. reference has been advanced by the USPTO. It is submitted that inherency may not be used to circumvent the strict requirements of 35 USC §103, in which the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art. In view of the foregoing, reconsideration and withdrawal of the §103 rejection of the above-identified claims are respectfully requested.

It is believed that the present response overcomes the outstanding rejection and places this application in condition for allowance. Applicant respectfully requests that a timely Notice of Allowance be issue in this case. Should the Examiner have any further questions regarding this amendment or the application in general, he need only call the undersigned, and whatever is needed will be done at once.

Respectfully submitted,

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## **MARKED VERSION TO SHOW CHANGES MADE**

### **IN THE SPECIFICATION:**

Please replace the first full paragraph of page 16 with the following paragraph:

--With reference to Fig. 2, to obtain the actual cost of producing part B5, for example, it is only necessary to roll up the actual costs associated with all hierarchically lower-level parts associated with part B5. As shown in Fig. 2, the actual cost of producing item B5 may be obtained by accumulating the actual costs included or pointed to by the structures CSID<sub>B1</sub>, CSID<sub>B2</sub>, CSID<sub>B3</sub>, CSID<sub>B4</sub> and CSID<sub>B5</sub>. Indeed, by creating and assigning a new Cost Source ID at each stage of a business activity, the actual costs of carrying out the business activity may readily be ascertained at any operational stage. Other logical hierarchical structures suitable to organizing the Cost Source IDs according to the present invention and other structures are disclosed in the commonly assigned and co-pending U.S. patent application 09/xxx,xxx 09/234,964 entitled "Generic Hierarchical Data Structure With Hard-Pegging Of Nodes With Dependencies Implemented In A Relational Database", the disclosure of which is incorporated herewith in its entirety.--

### **IN THE CLAIMS:**

Please amend claims 1, 3, 5, 11-13 and 17-18 as follows:

--1. (Amended) A computer implemented actual costing method for collecting and presenting an actual cost of performing ~~a business~~ an activity, comprising the steps of:  
collecting actual costs of performing ~~at least one of~~ a job ~~performed~~, manufacturing an item ~~manufactured and~~ and/or purchasing an item ~~purchased in furtherance of~~ in carrying out the business activity,

creating a unique cost source identifier for each collected actual cost and storing the collected actual cost therein;

associating each unique cost source identifier to the ~~business~~ activity; and  
implementing a selected accounting costing method for actual cost collection and a selected accounting costing method for actual cost presentation based upon the stored cost source identifiers, the selected accounting costing method for actual cost collection being independent of the selected accounting costing method for cost presentation.--

--3. (Amended) The method of claim 1, wherein a new unique cost source identifier is created upon each occurrence of a transaction that affects the actual cost of ~~performing the business carrying out the~~ activity.--

--5. (Amended) The method of claim 1, wherein a new unique source identifier is assigned at least each time a job is performed in ~~furtherance of the business carrying out the~~ activity, contemporaneously with a performance of the job.--

--11. (Amended) The method of claim 1, further comprising the step of storing a standard cost within the cost source identifier when an actual cost of one of a job performed and an item manufactured in ~~furtherance of in carrying out~~ the business activity is unknown.--

--12. (Amended) A computer system to compute an actual cost of performing a ~~business an~~ activity from collected actual costs incurred in ~~furtherance of the business carrying out the~~ activity, comprising:

at least one processor;

at least one data storage device;

a plurality of processes spawned by said at least one processor, the processes including processing logic for:

collecting actual costs of job performed, an item manufactured and an item purchased in carrying out the activity,

creating and storing, in said at least one data storage device, a unique cost source identifier for each of the collected actual job, ~~and~~ manufacturing and purchasing costs, each cost source identifier including at least a collected actual cost;

associating each unique cost source identifier to the ~~business~~ activity; and

processing each stored unique cost identifier to implement a selected accounting method for actual cost collection and a selected accounting method for actual cost presentation based upon the stored unique cost source identifiers, the selected accounting method for actual cost collection being independent of the selected accounting method for cost presentation.--

--13. (Amended) The computer system of claim 12, further comprising processing logic for organizing the stored cost source identifiers in a hierarchical structure modeled on the ~~business~~ activity.--

--17. (Amended) A machine readable medium having stored thereon data representing sequences of instructions which, when executed by a computer system, causes said computer system to perform the steps of:

collecting, in substantially real time, an actual cost of each of a plurality of constituent items or operations affecting a cost of performing ~~a business~~ an activity;

assigning each collected actual cost to a unique logical structure associated with a corresponding one of said items or operations;

storing each unique logical structure to create an organization of unique logical structures configured to allow the actual cost of the ~~business~~ activity to be ascertained at any stage of a performance thereof.--

--18. (Amended) The machine readable medium of claim 17, further comprising sequences of instructions for performing the step of creating a new unique logical structure for each constituent item or operation that affects the cost of performing the ~~business~~ activity.--